

**PRELIMINARY
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**BROWN COUNTY, KANSAS
FINANCIAL STATEMENTS
December 31, 2011**

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Brown County, Kansas

FINANCIAL STATEMENTS
December 31, 2011

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Brown County, Kansas

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of County Commissioners
Brown County, Kansas

We have audited the accompanying financial statements of Brown County, Kansas, (the County) as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of Brown County, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.C., Brown County, Kansas prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the County's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Brown County, Kansas as of December 31, 2011, or the respective changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Brown County, Kansas, as of December 31, 2011, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year then ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

July 19, 2012

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Brown County, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2011

<u>Funds</u>	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 2,012,520	\$ -	\$ 2,356,354	\$ 2,634,887	\$ 1,733,987	\$ 31,537	\$ 1,765,524
Special Revenue Funds:							
Road and Bridge	246,227	-	2,454,231	2,323,140	377,318	-	377,318
BIA Bridge	-	-	7,082	7,082	-	-	-
Special Machinery	216,696	-	70,000	165,822	120,874	-	120,874
Health	9,483	-	61,882	61,450	9,915	-	9,915
Historical Society	3,441	-	20,172	20,000	3,613	-	3,613
Employee Benefits	388,512	-	916,441	813,903	491,050	-	491,050
Election	28,256	-	64,000	56,259	35,997	-	35,997
Extension Council	16,942	-	81,618	86,798	11,762	-	11,762
Mental Health	15,263	-	64,538	70,000	9,801	-	9,801
Mental Retardation	5,650	-	27,194	27,052	5,792	-	5,792
Capital Improvement	519,979	-	277,759	69,452	728,286	-	728,286
Technology	43,142	-	8,888	334	51,696	-	51,696
Conservation	4,506	-	24,414	25,000	3,920	-	3,920
Tax Increment Financing	13,071	-	12,589	12,428	13,232	-	13,232
Appraisers	47,649	-	166,691	143,563	70,777	-	70,777
Neighborhood Revitalization	5,747	-	164,957	170,704	-	-	-
Ambulance	19,865	-	91,802	95,000	16,667	-	16,667
Noxious Weed	81,734	-	122,237	100,735	103,236	-	103,236
Alcohol	6,012	-	9,672	10,309	5,375	-	5,375
Drug Forfeiture	43,559	-	2,328	9,306	36,581	-	36,581
Special Parks and Recreation	639	-	8,938	9,000	577	-	577
Worthless Checks	461	-	1,307	1,645	123	-	123
Diversion	1,910	-	16,001	13,513	4,398	-	4,398
911	63,659	-	48,019	34,118	77,560	-	77,560
Wireless 911	9,208	-	121,720	62,361	68,567	-	68,567
BR CA Drug Forfeiture	191	-	3,563	1,546	2,208	-	2,208
Federal ACE	28	-	28,070	28,098	-	-	-
Juvenile Justice Prevention	6,752	-	22,220	21,517	7,455	-	7,455
Juvenile Justice Core	49,968	-	275,841	276,975	48,834	-	48,834
Federal Match	7,854	-	-	9,347	[1,493]	1,493	-
Adult Community Corrections	12,610	-	232,525	241,327	3,808	-	3,808
Sheriff's Income	28,053	-	4,123	5,110	27,066	-	27,066
CC123	1,889	-	6,207	6,989	1,107	-	1,107
Public Building Commission	558,344	-	7,483	444,272	121,555	-	121,555
Bond and Interest	665,877	-	679,234	472,700	872,411	-	872,411
Enterprise Funds:							
Services for the Elderly	27,206	-	142,669	132,841	37,034	-	37,034
Solid Waste	17,894	-	677,033	683,048	11,879	39,870	51,749
Total Primary Government	5,180,797	-	9,279,802	9,347,631	5,112,968	72,900	5,185,868
Component Unit:							
Extension Council	110,953	-	159,222	152,818	117,357	-	117,357
Total Reporting Entity (excluding Agency Funds)	\$ 5,291,750	\$ -	\$ 9,439,024	\$ 9,500,449	\$ 5,230,325	\$ 72,900	\$ 5,303,225
COMPOSITION OF CASH:							
Citizens State Bank and Trust - Checking							\$ 111,784
Morrill & Janes Bank - Checking							14,217,611
Micro Loan Repay - Checking							59,153
District Court							334,258
Law Library - Checking							5,175
Extension Council - Checking							107,357
Extension Council - Certificate of Deposit							10,000
Sheriff's Account - Checking							6,796
Jail Income Account - Checking							27,066
Inmate Account - Checking							12,220
Cash on Hand							500
Total Cash							14,891,920
Less Agency Funds per Statement 5							9,588,695
Total Reporting Entity (excluding Agency Funds)							\$ 5,303,225

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STATEMENT 2

Brown County, Kansas
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
For the Year Ended December 31, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 3,318,603	\$ -	\$ 3,318,603	\$ 2,634,887	\$ 683,716
Special Revenue Funds:					
Road and Bridge	2,390,000	-	2,390,000	2,323,140	66,860
Health	61,450	-	61,450	61,450	-
Historical Society	20,000	-	20,000	20,000	-
Employee Benefits	960,000	-	960,000	813,903	146,097
Election	66,500	-	66,500	56,259	10,241
Extension Council	86,798	-	86,798	86,798	-
Mental Health	70,000	-	70,000	70,000	-
Mental Retardation	27,052	-	27,052	27,052	-
Technology	22,000	-	22,000	334	21,666
Conservation	25,000	-	25,000	25,000	-
Appraisers	158,925	-	158,925	143,563	15,362
Ambulance	95,000	-	95,000	95,000	-
Noxious Weed	135,500	-	135,500	100,735	34,765
Alcohol	25,000	-	25,000	10,309	14,691
Special Parks and Recreation	10,000	-	10,000	9,000	1,000
911	72,000	-	72,000	34,118	37,882
Wireless 911	60,000	-	60,000	62,361	[2,361]
Enterprise:					
Services for the Elderly	161,402	-	161,402	132,841	28,561
Solid Waste	<u>831,130</u>	<u>-</u>	<u>831,130</u>	<u>683,048</u>	<u>148,082</u>
Total Primary Government	<u>\$ 8,596,360</u>	<u>\$ -</u>	<u>\$ 8,596,360</u>	<u>\$ 7,389,798</u>	<u>\$ 1,206,562</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 1,080,808	\$ 1,065,454	\$ 15,354
Intergovernmental	740,203	558,850	181,353
Fines and fees	147,988	134,455	13,533
Use of money and property	129,679	55,830	73,849
Reimbursements	162,508	-	162,508
Miscellaneous	93,647	-	93,647
Transfer in	<u>1,521</u>	<u>-</u>	<u>1,521</u>
Total Cash Receipts	<u>2,356,354</u>	<u>\$ 1,814,589</u>	<u>\$ 541,765</u>
Expenditures and Transfers			
County Commissioners	326,147	\$ 550,000	\$ 223,853
County Clerk	96,708	115,000	18,292
County Treasurer	176,498	186,000	9,502
County Attorney	113,868	110,000	[3,868]
Register of Deeds	65,534	70,000	4,466
Sheriff	726,442	765,000	38,558
Janitor	157,166	315,000	157,834
District Court	83,970	92,303	8,333
Coroner	9,365	10,000	635
Computer	71,223	133,000	61,777
Jail	439,068	405,000	[34,068]
Miscellaneous	99,398	367,300	267,902
Transfers out	<u>269,500</u>	<u>200,000</u>	<u>[69,500]</u>
Total Expenditures and Transfers	<u>2,634,887</u>	<u>\$ 3,318,603</u>	<u>\$ 683,716</u>
Receipts Over [Under] Expenditures	[278,533]		
Unencumbered Cash, Beginning	<u>2,012,520</u>		
Unencumbered Cash, Ending	<u>\$ 1,733,987</u>		

The notes to the financial statements are an integral part of this statement.

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STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Road and Bridge Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 1,899,498	\$ 2,381,572	\$ [482,074]
Intergovernmental	554,733	8,428	546,305
Total Cash Receipts	<u>2,454,231</u>	<u>\$ 2,390,000</u>	<u>\$ 64,231</u>
Expenditures and Transfers			
Personal services	339,177	\$ 359,000	\$ 19,823
Contractual services	101,443	165,000	63,557
Commodities	1,774,296	1,866,000	91,704
Capital outlay	32,307	-	[32,307]
Miscellaneous	5,917	-	[5,917]
Transfers out	70,000	-	[70,000]
Total Expenditures and Transfers	<u>2,323,140</u>	<u>\$ 2,390,000</u>	<u>\$ 66,860</u>
Receipts Over [Under] Expenditures	131,091		
Unencumbered Cash, Beginning	<u>246,227</u>		
Unencumbered Cash, Ending	<u>\$ 377,318</u>		

The notes to the financial statements are an integral part of this statement.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
BIA Bridge Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Grant	<u>\$ 7,082</u>
Total Cash Receipts	<u>7,082</u>
Expenditures and Transfers	
Capital outlay	<u>7,082</u>
Total Expenditures and Transfers	<u>7,082</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>

* This fund is not required to be budgeted.

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STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Special Machinery Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Transfer in	\$ 70,000
Total Cash Receipts	<u>70,000</u>
Expenditures and Transfers	
Capital outlay	<u>165,822</u>
Total Expenditures and Transfers	<u>165,822</u>
Receipts Over [Under] Expenditures	[95,822]
Unencumbered Cash, Beginning	<u>216,696</u>
Unencumbered Cash, Ending	<u>\$ 120,874</u>

* This fund is not required to be budgeted.

The notes to the financial statements are an integral part of this statement.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Health Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 61,882	\$ 61,450	\$ 432
Total Cash Receipts	<u>61,882</u>	<u>\$ 61,450</u>	<u>\$ 432</u>
Expenditures and Transfers			
Appropriation	61,450	\$ 61,450	\$ -
Total Expenditures and Transfers	<u>61,450</u>	<u>\$ 61,450</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	432		
Unencumbered Cash, Beginning	<u>9,483</u>		
Unencumbered Cash, Ending	<u>\$ 9,915</u>		

The notes to the financial statements are an integral part of this statement.

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STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Historical Society Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 20,172	\$ 20,000	\$ 172
Total Cash Receipts	<u>20,172</u>	<u>\$ 20,000</u>	<u>\$ 172</u>
Expenditures and Transfers			
Appropriation	<u>20,000</u>	\$ 20,000	\$ -
Total Expenditures and Transfers	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	172		
Unencumbered Cash, Beginning	<u>3,441</u>		
Unencumbered Cash, Ending	<u>\$ 3,613</u>		

The notes to the financial statements are an integral part of this statement.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Employee Benefits Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 878,541	\$ 876,320	\$ 2,221
Paid in	25,151	-	25,151
Reimbursements	12,749	-	12,749
Total Cash Receipts	<u>916,441</u>	<u>\$ 876,320</u>	<u>\$ 40,121</u>
Expenditures and Transfers			
Social security	155,312	\$ 155,000	\$ [312]
Retirement	175,223	140,000	[35,223]
Workmen's compensation	57,469	75,000	17,531
Unemployment insurance	8,024	10,000	1,976
Health insurance	417,875	580,000	162,125
Total Expenditures and Transfers	<u>813,903</u>	<u>\$ 960,000</u>	<u>\$ 146,097</u>
Receipts Over [Under] Expenditures	102,538		
Unencumbered Cash, Beginning	<u>388,512</u>		
Unencumbered Cash, Ending	<u>\$ 491,050</u>		

The notes to the financial statements are an integral part of this statement.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Election Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 64,000	\$ 63,369	\$ 631
Total Cash Receipts	<u>64,000</u>	<u>\$ 63,369</u>	<u>\$ 631</u>
Expenditures and Transfers			
Personal services	38,124	\$ 28,000	\$ [10,124]
Contractual services	13,975	22,500	8,525
Commodities	<u>4,160</u>	<u>16,000</u>	<u>11,840</u>
Total Expenditures and Transfers	<u>56,259</u>	<u>\$ 66,500</u>	<u>\$ 10,241</u>
Receipts Over [Under] Expenditures	7,741		
Unencumbered Cash, Beginning	<u>28,256</u>		
Unencumbered Cash, Ending	<u>\$ 35,997</u>		

The notes to the financial statements are an integral part of this statement.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Extension Council Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 81,618	\$ 80,650	\$ 968
Total Cash Receipts	<u>81,618</u>	<u>\$ 80,650</u>	<u>\$ 968</u>
Expenditures and Transfers			
Appropriation	<u>86,798</u>	<u>\$ 86,798</u>	<u>\$ -</u>
Total Expenditures and Transfers	<u>86,798</u>	<u>\$ 86,798</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[5,180]		
Unencumbered Cash, Beginning	<u>16,942</u>		
Unencumbered Cash, Ending	<u>\$ 11,762</u>		

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STATEMENT 3
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Brown County, Kansas Statement of Cash Receipts and Expenditures - Actual and Budget Mental Health Fund For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 64,538	\$ 63,676	\$ 862
Total Cash Receipts	<u>64,538</u>	<u>\$ 63,676</u>	<u>\$ 862</u>
Expenditures and Transfers			
Appropriation	<u>70,000</u>	\$ 70,000	\$ -
Total Expenditures and Transfers	<u>70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[5,462]		
Unencumbered Cash, Beginning	<u>15,263</u>		
Unencumbered Cash, Ending	<u>\$ 9,801</u>		

The notes to the financial statements are an integral part of this statement.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Mental Retardation Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 27,194	\$ 26,973	\$ 221
Total Cash Receipts	<u>27,194</u>	<u>\$ 26,973</u>	<u>\$ 221</u>
Expenditures and Transfers			
Appropriation	<u>27,052</u>	\$ 27,052	\$ -
Total Expenditures and Transfers	<u>27,052</u>	<u>\$ 27,052</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	142		
Unencumbered Cash, Beginning	<u>5,650</u>		
Unencumbered Cash, Ending	<u>\$ 5,792</u>		

The notes to the financial statements are an integral part of this statement.

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STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Capital Improvement Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Reimbursements	\$ 8,259
Transfers in	<u>269,500</u>
Total Cash Receipts	<u>277,759</u>
 Expenditures and Transfers	
Contractual services	59,455
Commodities	<u>9,997</u>
Total Expenditures and Transfers	<u>69,452</u>
 Receipts Over [Under] Expenditures	208,307
 Unencumbered Cash, Beginning	<u>519,979</u>
 Unencumbered Cash, Ending	<u>\$ 728,286</u>

* This fund is not required to be budgeted.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Technology Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Intergovernmental	\$ 8,888	\$ 12,832	\$ [3,944]
Total Cash Receipts	<u>8,888</u>	<u>\$ 12,832</u>	<u>\$ [3,944]</u>
Expenditures and Transfers			
Contractual services	<u>334</u>	\$ 22,000	\$ 21,666
Total Expenditures and Transfers	<u>334</u>	<u>\$ 22,000</u>	<u>\$ 21,666</u>
Receipts Over [Under] Expenditures	8,554		
Unencumbered Cash, Beginning	<u>43,142</u>		
Unencumbered Cash, Ending	<u>\$ 51,696</u>		

The notes to the financial statements are an integral part of this statement.

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STATEMENT 3
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Brown County, Kansas Statement of Cash Receipts and Expenditures - Actual and Budget Conservation Fund For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 24,414	\$ 24,200	\$ 214
Total Cash Receipts	<u>24,414</u>	<u>\$ 24,200</u>	<u>\$ 214</u>
Expenditures and Transfers			
Appropriations	<u>25,000</u>	\$ 25,000	\$ -
Total Expenditures and Transfers	<u>25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[586]		
Unencumbered Cash, Beginning	<u>4,506</u>		
Unencumbered Cash, Ending	<u>\$ 3,920</u>		

The notes to the financial statements are an integral part of this statement.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Tax Increment Financing Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 12,589
Total Cash Receipts	<u>12,589</u>
Expenditures and Transfers	
Paid out	<u>12,428</u>
Total Expenditures and Transfers	<u>12,428</u>
Receipts Over [Under] Expenditures	161
Unencumbered Cash, Beginning	<u>13,071</u>
Unencumbered Cash, Ending	<u>\$ 13,232</u>

* This fund is not required to be budgeted.

PRELIMINARY DRAFT

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Appraisers Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 166,516	\$ 157,805	\$ 8,711
Transfer in	<u>175</u>	<u>-</u>	<u>175</u>
Total Cash Receipts	<u>166,691</u>	<u>\$ 157,805</u>	<u>\$ 8,886</u>
Expenditures and Transfers			
Personal services	127,606	\$ 130,000	\$ 2,394
Contractual services	11,366	16,250	4,884
Capital outlay	-	7,500	7,500
Commodities	<u>4,591</u>	<u>5,175</u>	<u>584</u>
Total Expenditures and Transfers	<u>143,563</u>	<u>\$ 158,925</u>	<u>\$ 15,362</u>
Receipts Over [Under] Expenditures	23,128		
Unencumbered Cash, Beginning	<u>47,649</u>		
Unencumbered Cash, Ending	<u>\$ 70,777</u>		

The notes to the financial statements are an integral part of this statement.

STATEMENT 3

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Neighborhood Revitalization Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 164,957
Total Cash Receipts	<u>164,957</u>
Expenditures and Transfers	
Paid out	170,529
Transfer out	<u>175</u>
Total Expenditures and Transfers	<u>170,704</u>
Receipts Over [Under] Expenditures	[5,747]
Unencumbered Cash, Beginning	<u>5,747</u>
Unencumbered Cash, Ending	\$ <u>-</u>

* This fund is not required to be budgeted.

PRELIMINARY DRAFT

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Ambulance Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 91,802	\$ 90,783	\$ 1,019
Total Cash Receipts	<u>91,802</u>	<u>\$ 90,783</u>	<u>\$ 1,019</u>
Expenditures and Transfers			
Appropriation	<u>95,000</u>	\$ 95,000	\$ -
Total Expenditures and Transfers	<u>95,000</u>	<u>\$ 95,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[3,198]		
Unencumbered Cash, Beginning	<u>19,865</u>		
Unencumbered Cash, Ending	<u>\$ 16,667</u>		

The notes to the financial statements are an integral part of this statement.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Noxious Weed Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 92,674	\$ 91,946	\$ 728
Customer charges	29,563	35,000	[5,437]
Total Cash Receipts	<u>122,237</u>	<u>\$ 126,946</u>	<u>\$ [4,709]</u>
Expenditures and Transfers			
Personal services	32,309	\$ 37,000	\$ 4,691
Contractual services	5,064	3,000	[2,064]
Commodities	63,362	92,500	29,138
Capital outlay	-	3,000	3,000
Total Expenditures and Transfers	<u>100,735</u>	<u>\$ 135,500</u>	<u>\$ 34,765</u>
Receipts Over [Under] Expenditures	21,502		
Unencumbered Cash, Beginning	<u>81,734</u>		
Unencumbered Cash, Ending	<u>\$ 103,236</u>		

The notes to the financial statements are an integral part of this statement.

PRELIMINARY DRAFT

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Alcohol Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 9,672	\$ 25,000	\$ [15,328]
Total Cash Receipts	<u>9,672</u>	<u>\$ 25,000</u>	<u>\$ [15,328]</u>
Expenditures and Transfers			
Appropriations	<u>10,309</u>	\$ 25,000	\$ 14,691
Total Expenditures and Transfers	<u>10,309</u>	<u>\$ 25,000</u>	<u>\$ 14,691</u>
Receipts Over [Under] Expenditures	[637]		
Unencumbered Cash, Beginning	<u>6,012</u>		
Unencumbered Cash, Ending	<u>\$ 5,375</u>		

The notes to the financial statements are an integral part of this statement.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Drug Forfeiture Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 2,328
Total Cash Receipts	<u>2,328</u>
Expenditures and Transfers	
Commodities	4,011
Contractual services	<u>5,295</u>
Total Expenditures and Transfers	<u>9,306</u>
Receipts Over [Under] Expenditures	[6,978]
Unencumbered Cash, Beginning	<u>43,559</u>
Unencumbered Cash, Ending	<u>\$ 36,581</u>

* This fund is not required to be budgeted.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Parks and Recreation Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 8,938	\$ 10,000	\$ [1,062]
Total Cash Receipts	<u>8,938</u>	<u>\$ 10,000</u>	<u>\$ [1,062]</u>
Expenditures and Transfers			
Appropriation	<u>9,000</u>	<u>\$ 10,000</u>	<u>\$ 1,000</u>
Total Expenditures and Transfers	<u>9,000</u>	<u>\$ 10,000</u>	<u>\$ 1,000</u>
Receipts Over [Under] Expenditures	[62]		
Unencumbered Cash, Beginning	<u>639</u>		
Unencumbered Cash, Ending	<u>\$ 577</u>		

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Worthless Checks Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 1,307
Total Cash Receipts	<u>1,307</u>
Expenditures and Transfers	
Contractual services	<u>1,645</u>
Total Expenditures and Transfers	<u>1,645</u>
Receipts Over [Under] Expenditures	[338]
Unencumbered Cash, Beginning	<u>461</u>
Unencumbered Cash, Ending	<u>\$ 123</u>

* This fund is not required to be budgeted.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Diversion Fund*
For the Year Ended December 31, 2011

Cash Receipts	
District Court	\$ 16,001
Total Cash Receipts	<u>16,001</u>
Expenditures and Transfers	
Personal services	12,353
Contractual services	891
Commodities	<u>269</u>
Total Expenditures and Transfers	<u>13,513</u>
Receipts Over [Under] Expenditures	2,488
Unencumbered Cash, Beginning	<u>1,910</u>
Unencumbered Cash, Ending	<u>\$ 4,398</u>

* This fund is not required to be budgeted.

The notes to the financial statements are an integral part of this statement.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
911 Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 42,426	\$ 55,000	\$ [12,574]
Reimbursement	5,593	-	5,593
Total Cash Receipts	<u>48,019</u>	<u>\$ 55,000</u>	<u>\$ [6,981]</u>
Expenditures and Transfers			
Personal services	1,472	\$ -	\$ [1,472]
Contractual services	32,646	72,000	39,354
Total Expenditures and Transfers	<u>34,118</u>	<u>\$ 72,000</u>	<u>\$ 37,882</u>
Receipts Over [Under] Expenditures	13,901		
Unencumbered Cash, Beginning	<u>63,659</u>		
Unencumbered Cash, Ending	<u>\$ 77,560</u>		

The notes to the financial statements are an integral part of this statement.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Wireless 911 Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Paid in	\$ 121,720	\$ 36,000	\$ 85,720
Total Cash Receipts	<u>121,720</u>	<u>\$ 36,000</u>	<u>\$ 85,720</u>
Expenditures and Transfers			
Contractual services	59,890	\$ 60,000	\$ 110
Commodities	950	-	[950]
Transfer out	<u>1,521</u>	<u>-</u>	<u>[1,521]</u>
Total Expenditures and Transfers	<u>62,361</u>	<u>\$ 60,000</u>	<u>\$ [2,361]</u>
Receipts Over [Under] Expenditures	59,359		
Unencumbered Cash, Beginning	<u>9,208</u>		
Unencumbered Cash, Ending	<u>\$ 68,567</u>		

The notes to the financial statements are an integral part of this statement.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
BR CA Drug Forfeiture Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 3,563
Total Cash Receipts	<u>3,563</u>
Expenditures and Transfers	
Contractual services	<u>1,546</u>
Total Expenditures and Transfers	<u>1,546</u>
Receipts Over [Under] Expenditures	2,017
Unencumbered Cash, Beginning	<u>191</u>
Unencumbered Cash, Ending	<u>\$ 2,208</u>

* This fund is not required to be budgeted.

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STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Federal ACE Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Grant	\$ 28,016
Reimbursement	<u>54</u>
Total Cash Receipts	<u>28,070</u>
 Expenditures and Transfers	
Personal services	15,050
Commodities	<u>13,048</u>
Total Expenditures and Transfers	<u>28,098</u>
 Receipts Over [Under] Expenditures	 [28]
 Unencumbered Cash, Beginning	 <u>28</u>
 Unencumbered Cash, Ending	 <u>\$ -</u>

* This fund is not required to be budgeted.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Juvenile Justice Prevention Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 22,220
Total Cash Receipts	<u>22,220</u>
Expenditures and Transfers	
Contractual services	2,950
Personal services	15,601
Miscellaneous	<u>2,966</u>
Total Expenditures and Transfers	<u>21,517</u>
Receipts Over [Under] Expenditures	703
Unencumbered Cash, Beginning	<u>6,752</u>
Unencumbered Cash, Ending	<u>\$ 7,455</u>

* This fund is not required to be budgeted.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Juvenile Justice Core Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 275,770
Transfers in	<u>71</u>
Total Cash Receipts	<u>275,841</u>
Expenditures and Transfers	
Personal services	188,867
Contractual services	21,170
Commodities	11,643
Miscellaneous	<u>55,295</u>
Total Expenditures and Transfers	<u>276,975</u>
Receipts Over [Under] Expenditures	[1,134]
Unencumbered Cash, Beginning	<u>49,968</u>
Unencumbered Cash, Ending	<u>\$ 48,834</u>

* This fund is not required to be budgeted.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Federal Match Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Transfer in	\$ -
Total Cash Receipts	-
Expenditures and Transfers	
Personal services	5,016
Commodities	4,331
Total Expenditures and Transfers	9,347
Receipts Over [Under] Expenditures	[9,347]
Unencumbered Cash, Beginning	7,854
Unencumbered Cash, Ending	\$ [1,493]

* This fund is not required to be budgeted.

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STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Adult Community Corrections Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	<u>\$ 232,525</u>
Total Cash Receipts	<u>232,525</u>
Expenditures and Transfers	
Personal services	172,247
Commodities	12,300
Contractual services	6,037
Transfer out	71
Miscellaneous	<u>50,672</u>
Total Expenditures and Transfers	<u>241,327</u>
Receipts Over [Under] Expenditures	[8,802]
Unencumbered Cash, Beginning	<u>12,610</u>
Unencumbered Cash, Ending	<u>\$ 3,808</u>

* This fund is not required to be budgeted.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Sheriff's Income Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 4,123
Total Cash Receipts	<u>4,123</u>
Expenditures and Transfers	
Miscellaneous	<u>5,110</u>
Total Expenditures and Transfers	<u>5,110</u>
Receipts Over [Under] Expenditures	[987]
Unencumbered Cash, Beginning	<u>28,053</u>
Unencumbered Cash, Ending	<u>\$ 27,066</u>

* This fund is not required to be budgeted.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
CC123 Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	\$ 6,207
Total Cash Receipts	<u>6,207</u>
Expenditures and Transfers	
Commodities	<u>6,989</u>
Total Expenditures and Transfers	<u>6,989</u>
Receipts Over [Under] Expenditures	[782]
Unencumbered Cash, Beginning	<u>1,889</u>
Unencumbered Cash, Ending	<u>\$ 1,107</u>

* This fund is not required to be budgeted.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Public Building Commission Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Use of money and property	\$ 7,483
Total Cash Receipts	<u>7,483</u>
Expenditures and Transfers	
Capital outlay	<u>444,272</u>
Total Expenditures and Transfers	<u>444,272</u>
Receipts Over [Under] Expenditures	[436,789]
Unencumbered Cash, Beginning	<u>558,344</u>
Unencumbered Cash, Ending	<u>\$ 121,555</u>

* This fund is not required to be budgeted.

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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Bond and Interest Fund*
For the Year Ended December 31, 2011

Cash Receipts	
Paid in	<u>\$ 679,234</u>
Total Cash Receipts	<u>679,234</u>
 Expenditures and Transfers	
Lease payment	<u>472,700</u>
Total Expenditures and Transfers	<u>472,700</u>
 Receipts Over [Under] Expenditures	206,534
 Unencumbered Cash, Beginning	<u>665,877</u>
 Unencumbered Cash, Ending	<u>\$ 872,411</u>

* This fund is not required to be budgeted.

STATEMENT 3
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Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual and Budget
Services for the Elderly Fund
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 110,912	\$ 108,531	\$ 2,381
Charges to customers	-	44,111	[44,111]
Reimbursement	<u>31,757</u>	<u>-</u>	<u>31,757</u>
Total Cash Receipts	<u>142,669</u>	<u>\$ 152,642</u>	<u>\$ [9,973]</u>
Expenditures and Transfers			
Personal services	79,242	\$ 85,000	\$ 5,758
Commodities	33,017	53,352	20,335
Contractual services	19,059	15,550	[3,509]
Miscellaneous	<u>1,523</u>	<u>7,500</u>	<u>5,977</u>
Total Expenditures and Transfers	<u>132,841</u>	<u>\$ 161,402</u>	<u>\$ 28,561</u>
Receipts Over [Under] Expenditures	9,828		
Unencumbered Cash, Beginning	<u>27,206</u>		
Unencumbered Cash, Ending	<u>\$ 37,034</u>		

The notes to the financial statements are an integral part of this statement.

PRELIMINARY DRAFT

STATEMENT 3
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Brown County, Kansas Statement of Cash Receipts and Expenditures - Actual and Budget Solid Waste Fund For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Paid in	\$ 12,315	\$ -	\$ 12,315
Landfill fees	656,538	670,000	[13,462]
Miscellaneous	8,180	50,000	[41,820]
Total Cash Receipts	<u>677,033</u>	<u>\$ 720,000</u>	<u>\$ [42,967]</u>
Expenditures and Transfers			
Personal services	74,060	\$ 72,880	\$ [1,180]
Commodities	15,643	19,625	3,982
Contractual services	543,567	695,365	151,798
Capital outlay	49,778	43,260	[6,518]
Total Expenditures and Transfers	<u>683,048</u>	<u>\$ 831,130</u>	<u>\$ 148,082</u>
Receipts Over [Under] Expenditures	[6,015]		
Unencumbered Cash, Beginning	<u>17,894</u>		
Unencumbered Cash, Ending	<u>\$ 11,879</u>		

The notes to the financial statements are an integral part of this statement.

STATEMENT 4

PRELIMINARY
DRAFTBrown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Component Unit - Extension Council
For the Year Ended December 31, 2011

Cash Receipts	
County appropriations	\$ 110,098
State salary reimbursement	38,623
Education services	9,385
Interest and miscellaneous	<u>1,116</u>
Total Cash Receipts	<u>159,222</u>
Expenditures and Transfers	
Personal services	103,652
Contractual	30,416
Commodities	8,173
Capital outlay	<u>10,577</u>
Total Expenditures and Transfers	<u>152,818</u>
Receipts Over [Under] Expenditures	6,404
Unencumbered Cash, Beginning	<u>110,953</u>
Unencumbered Cash, Ending	<u>\$ 117,357</u>

The notes to the financial statements are an integral part of this statement.

Brown County, Kansas
Statement of Cash Receipts and Expenditures - Actual
Agency Funds
For the Year Ended December 31, 2011

	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Cash Balance</u>
Other Funds:				
Taxation and Clearing Accounts	\$ 8,421,886	\$ 26,504,433	\$ 26,119,397	\$ 8,806,922
Inmate Account	17,443	26,825	32,048	12,220
Micro Loan Account	57,809	19,844	18,500	59,153
District Court	343,806	630,801	640,349	334,258
Law Library	1,751	10,813	7,389	5,175
Community Corrections	4,093	46,270	43,567	6,796
Special MVT	56,423	94,568	104,117	46,874
Other Clearing Accounts	<u>338,334</u>	<u>6,417,184</u>	<u>6,438,221</u>	<u>317,297</u>
 Total Agency Funds	 <u>\$ 9,241,545</u>	 <u>\$ 33,750,738</u>	 <u>\$ 33,403,588</u>	 <u>\$ 9,588,695</u>

Brown County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Brown County, Kansas, is a municipal corporation governed by an elected three-member commission. These financial statements present Brown County (the primary government) and the financial data of the component unit of Brown County. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The County's component unit is the Extension Council.

B. FUND ACCOUNTING

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the County for the year 2011:

GOVERNMENTAL FUNDS

General Fund - to account for the resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Fund - to account for the monies held and used for capital projects.

PROPRIETARY FUNDS

Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs (expenses, including depreciation of providing goods or services to the general public on a continuing basis) be financed or recovered primarily through user charges - or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include agency funds.

C. BASIS OF ACCOUNTING

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

Brown County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (CONTINUED)

The County has a GAAP waiver which permits this type of special reporting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

D. DISCRETELY PRESENTED COMPONENT UNIT

The Extension Council serves the citizens within the County's jurisdiction. Because the Extension Council is not a separate taxing entity, the County levies tax for the Extension Council's operations. The County appropriated \$110,098 to the Extension Council in 2011. The Extension Council is presented as a governmental fund type. Complete financial statements for the Extension Council may be obtained at the Brown County Courthouse, Hiawatha, Kansas.

E. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2011 budget was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Brown County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY INFORMATION (CONTINUED)

All legal annual operating budgets are prepared using the statutory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and certain special revenue funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Actual exceeded budgeted expenditures in the Wireless 911 Fund which is a violation of K.S.A. 79-2935.

F. AD VALOREM TAX REVENUES

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1 and become delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

II. DEPOSITS AND INVESTMENTS

The County's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or adjacent county and the banks provide an acceptable rate for active funds.

Various County investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statute requires that at the County invest its idle funds in only temporary notes of the County, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes, the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

The County does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402.

Brown County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

III. LONG-TERM DEBT

KANZA Debt

Long-term debt of the County consists of a bank note and lease purchase agreements with Kanza Mental Health and Guidance Center, Inc. (KANZA) to acquire facilities for KANZA. This borrowing is secured by the facilities that they are financing. Payoff of the bank note is scheduled for 2013 and the payoff of the lease purchase agreement is scheduled for 2014. KANZA is responsible for all payments.

	Interest	Beginning Balance January 1, 2011	Additions	Payments	Ending Balance December 31, 2011
	Rate				
Lease	6.00%	\$ 83,126	\$ -	\$ 23,799	\$ 59,327
Bank Note	4.50%	87,063	-	26,178	60,885
		<u>\$ 170,189</u>	<u>\$ -</u>	<u>\$ 49,977</u>	<u>\$ 120,212</u>

On February 1, 2009 the County adopted a resolution to issue a Revenue Bond, Series 2009 for the principal amount of \$4,400,000. The final maturity on the bonds is June 1, 2020. The purpose of this issuance is to fund the construction of the jail/detention facility. The payment schedule for the new issuance is as follows:

Year Ending December 31,	Principal	Interest
2012	\$ 355,000	\$ 124,013
2013	365,000	115,013
2014	380,000	104,750
2015	400,000	93,050
2016	415,000	80,825
2017-2020	<u>1,865,000</u>	<u>153,900</u>
Total	<u>\$ 3,780,000</u>	<u>\$ 671,550</u>

On December 13, 2010 the County entered into a lease agreement in the amount of \$85,000 for equipment. The final maturity on the lease is December 11, 2012. The payment schedule for the new lease is as follows:

Year Ending December 31,	Principal	Interest
2012	\$ 43,237	\$ 1,138
Total	<u>\$ 43,237</u>	<u>\$ 1,138</u>

Horton Community Hospital

The County entered into an agreement with Horton Community Hospital (HCC), where HCC agrees to provide ambulance services to the County. This agreement is scheduled for January 1, 2012 through December 31, 2016. Under this agreement the County will subsidize HCC in the amount of \$49,950 per year less \$450 per month to satisfy the purchase of ambulance equipment.

Brown County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

IV. INTERFUND TRANSACTIONS

The following transfers were made during 2011:

Fund	In	Out
General Fund	\$ 1,521	\$ 269,500
Road and Bridge Fund	-	70,000
Special Machinery Fund	70,000	-
Capital Improvement Fund	269,500	-
Appraisers Fund	175	-
Neighborhood Revitalization Fund	-	175
Wireless 911 Fund	-	1,521
Adult Community Corrections Fund	-	71
Juvenile Justice Core Fund	71	-
	<u>\$ 341,267</u>	<u>\$ 341,267</u>

V. DEFINED BENEFIT PENSION PLAN

Plan description. Brown County, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Ave, Topeka, KS 66603-3803).

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate was 7.74% from January 1 to December 31, 2011. The Brown County, Kansas employer contribution to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$190,596, \$163,795, and \$126,345 respectively, equal to the required contributions for each year.

VI. COMPENSATED ABSENCES

The County's policy regarding compensated absences is as follows:

Vacation accumulates on a sliding scale based on length of employment, carries over to the following year and will be paid upon termination. Sick leave accumulates with up to 260 hours being paid upon termination of employment.

The liability for accrued vacation and sick leave payable at December 31, 2011 is \$144,186.

Brown County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
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VII. COMMITMENTS AND CONTINGENCIES

The County participates in various federal and state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for the reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

VIII. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the past three years.

IX. JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with six other counties in northeast Kansas formed the Housing Authority of Brown County, Kansas. Each County appoints one member to the Authority's governing board. The Authority is to provide an entity for obtaining Section 8 and other housing assistance from the federal government for the provision of housing to low-income renters within the seven county areas. The Authority does not constitute a direct financial burden on the County and it is not anticipated that this will change.